

**Transcript of Remarks by Senator Kent Conrad (D-ND)
at Senate Budget Committee Hearing on President Bush's FY 2007 Budget
with OMB Director Josh Bolten
February 7, 2006**

Thank you Mr. Chairman for calling this hearing. Thank you Mr. Director for being here. It is always good to see you, and I enjoyed our visit the other day as well.

I think you know pretty much my criticism of the budget -- that it is really not coping or facing up to the fiscal imbalances that we face as a nation. In fact, I think the President is doing an enormous disservice to the country by not putting before the American people how serious these long-term challenges really are.

Let me just point out that these are the things left out of the President's budget. He doesn't have full ten-year numbers. He doesn't have Iraq war cost beyond 2007. He doesn't have the cost of fixing the Alternative Minimum Tax beyond 2006. And he doesn't have spending policy details beyond fiscal year 2007, something that has typically been provided.

The long-term war costs are substantially underfunded. The President is providing \$120 billion in 2006 and 2007. Congressional Budget Office says the additional outlays that are necessary are almost \$300 billion.

Probably the area that the President is, I think, doing the poorest job in alerting the American people as to the full cost of his proposal is in the area of extending his tax cuts and the other tax cut proposals that he's made. This dotted line is the five years of the budget. You can see the President's tax cut proposals explode beyond the five-year budget window. And this pattern is very consistent whether it is war cost or the tax cuts or the cost of reforming the alternative minimum tax, the old millionaire's tax that is now rapidly becoming a middle class tax trap.

The President provided no funding for AMT reform beyond fiscal year 2006. So, he's not facing up to any of this cost. It is a trillion dollars with debt service, 10-year cost. It is not in the President's budget. That's not a real budget.

The President says, 'Don't worry. We're going to cut the deficit in half over the next five years.' That's his projection. But when you add back the things he's left out -- full cost of the war, need to fix the alternative minimum tax, full cost of his tax cuts -- this is the pattern that we see. And, the deficit gets a little bit better between now and five years from now, but then falls off the cliff.

This is what the President said in 2001: "...[M]y budget pays down a record amount of national debt. We will pay off \$2 trillion of debt over the next decade. That will be the largest debt reduction of any country, ever."

Then he said something I agree with very strongly. "Future generations shouldn't be forced to pay back money that we have borrowed. We owe this kind of responsibility to our

children and grandchildren.”

The words were good. The performance has not been good.

This is my final point. This is what has happened since the President took office on the debt. There is no pay down of debt going on here. The debt is exploding. At the end of his first year in office the debt was \$5.8 trillion. That’s gone up. At the end of this year it will be \$8.6 trillion. And our projections now say in the next five years, if the President’s policies are followed, the debt will reach \$12 trillion - a doubling of the national debt, a doubling before the baby boomers retire. That to me is a course that is just not sustainable, and it shouldn’t be supported.